SINGLE CAPITAL POT GUIDANCE – 2003

INTRODUCTION

1. This paper sets out the guidance for the Single Capital Pot 2003. Allocations for 2004/5 will be made in December of this year.

PURPOSE AND OBJECTIVES OF THE SINGLE CAPITAL POT

2. The Government wishes to see a clear and transparent process, which promotes strategic planning and good performance and strikes a balance between local decision making and the need to meet national priorities. The single pot should deliver improved outcomes and better services through:

   - better planning, by giving greater predictability in funding levels and allowing more flexibility.
   - more autonomy and accountability, and greater responsibility for local authorities in making their spending decisions;
   - better corporate, and strategic, working and more effective tackling of cross cutting issues; and
   - better use and management of assets.

CHANGES FOR THE THIRD ROUND

3. For 2002/03 the amount distributed through the single capital pot represented just half of the total that could potentially have been directed through the pot. This increased to about 60% for 2003/04 when other capital resources in addition to Basic Credit Approvals (BCAs) were added to the single capital pot. The Government has committed to increasing this to two- thirds by the end of the spending review period.

4. There will be no ring fencing for those authorities assessed as excellent under the comprehensive performance framework (other than funding passported directly through to schools).

5. In line with a broader initiative to ease the plan burden on local authorities, the requirement to submit capital strategies and asset management plans to Government Offices for assessment will be relaxed for those authorities whose submissions in 2002 were assessed as ‘good’. This relaxation will also apply to authorities given an excellent rating under the comprehensive performance assessment.

6. Authorities will need to continue to produce capital strategies for their own purposes, in particular as a means of consulting and informing stakeholders. Once the new prudential system of capital finance is introduced, the capital strategy will become an essential part of the annual budget setting process. A robust capital programme will require the bringing together of strategic planning for the local authority, asset management planning with an assessment of the state of the authority's assets, option appraisal, identification of investment needs including opportunities and priorities, and setting all this in the context of available capital resources.

7. The intention has always been that corporate asset management plans would be submitted to Government only until the process was sufficiently well developed to provide each authority with a robust and effective management tool. For authorities that received a good standard in 2002, the requirement to submit plans for assessment will therefore cease.

8. However, all local authorities will still be required to provide the information contained in the old context sheet, which includes some basic statistical information including key data on asset numbers, value and condition. This data will be used to inform and support decisions about local authority investment needs and priorities in future spending reviews. Local Authorities will also need to continue to provide returns on property performance indicators.

9. The Government will continue to work with local government in encouraging and supporting further development of asset management planning. Effective use of assets should be taken into account in relevant best value reviews and will also continue to form part of the . assessment process in government inspections as well as the in the comprehensive performance assessment.

10. In view of the increased flexibility available to authorities through the relaxation of ring fencing the discretionary element of the Single Capital Pot will be abolished this year.

Timetable for the third round

11. Authorities, who have not yet received a good assessment in either their Capital Strategy and/or Asset Management Plan will need to submit the relevant plan/s to Government Offices by 31 July 2003 for assessment. Government Offices will e-mail authorities at the end of June reminding them of the closing date for the submission of these documents. Authorities should note that the deadline can only be extended in exceptional circumstances and with prior written agreement with the Government Office in advance of the 31st July deadline. Capital Strategies and AMPs submitted after 31st July (or the extended deadline as may be agreed in accordance with the above

provisions) will not be assessed. Appraisal of plans will take place over the summer.

12. Authorities should receive written feedback showing the areas, which need development by 19 January 2004. The letters will offer the opportunity of a meeting or phone conversation to discuss the assessment results. In certain circumstances Government Offices may seek meetings themselves to discuss areas where improvement is necessary.

13. A list of names and addresses of Government Office contacts for authorities to submit their capital strategies and/or AMPs is included at Annex A.

KEY FEATURES OF GUIDANCE

14. The main changes to the system from last year are the removal of the discretionary element and the expansion of the single pot to include more than BCAs. More detail is contained in the remaining parts of this guidance which describe the following elements of the system:

    Part 2 – Local Authority Core Data*

    Part 3 – Capital Strategies

    Part 4 – AMPS

    Part 5 – Property Performance Indicators*

    Part 6 – Assessment Process

NB: **Please note that all authorities are required to provide this data*

15. Copies of this and previous guidance on the single pot are on the Office's website www.local.odpm.gov.uk/finance/capital/singpot.htm.

WHAT YOU WILL NEED TO PROVIDE TO YOUR GOVERNMENT OFFICE

16. Local Authority Core Data (the old Context Sheet) on the local authority, which will provide high level statistical and financial information as detailed in paragraph 21.

17. A Capital Strategy containing a high level summary of the council's approach to capital investment. It should be no more than six A4 pages in length, of not less than size 10 font. Further detail on what is needed is given in Part 3 paragraphs 22-41.

18. An Asset Management Plan of a maximum of 20 A4 pages in length, of not less than size 10 font. More detail on what is required is shown in Part 4 paragraphs 42-54.

19. Information on the 5 national property performance indicators. Further detail is given in Part 5 paragraphs 55-59.

PART 2
LOCAL AUTHORITY CORE DATA

Please note that all authorities are required to provide this data

20. This information is required to provide basic information on the size and scope of the local authority. It is designed to provide statistical and financial information on assets and capital spending which will help inform government spending reviews.

21. The information should be provided in the order and format shown below:-

i) gross and net revenue budget figures.

ii) information on fixed assets and analysis of fixed assets as per the format of the consolidated balance sheet in the statement of accounts.

iii) identify the number, gross floor area (GIA), type and value of assets across the main service areas.

iv) indication of the value of the assessed maintenance backlog across service areas.

v) summary capital programme for the next 3-5 years and information on the source of capital funds with particular reference to level of disposals anticipated for the period.

vi) identify whether the authority is likely to take on "unsupported borrowing" following the introduction of the new capital finance system and, if so, to what extent.

vii) brief background on area, population and characteristics of the authority

PART 3
CAPITAL STRATEGIES – DETAILED GUIDANCE

Introduction

22. The Government wants to see outward-looking local authorities, working with their communities and partner bodies to identify and act on local priorities to improve local quality of life. Tackling cross-cutting issues such as regeneration, social exclusion and sustainable development will need a joined-up approach across local authority service teams and tiers of authority, involving social care, education,

housing, transport, strategic planning, consulting with the community to meet customer needs and wishes.

23. In working towards these goals the Government is committed to seeing the best possible use made of public sector assets and to tackling under-investment and weak management wherever it exists.

Purpose of the capital strategy

24. Every council will have a set of policies that, implicitly or explicitly, determine its priorities and approach to capital investment. Often these policies will originate in specific services – and be expressed in terms of service outcomes, rather than relating directly to investment. The capital strategy should describe how the deployment of capital resources contributes to the achievement of these goals. A coherent, well-expressed, and well-understood capital strategy is vital to ensure that assets – and the resources tied up in them – are efficiently and effectively used. It will help ensure that issues around property and other assets are fully reflected in the council's planning.

Establishing the capital strategy

25. The starting point should be an authority's key objectives and priorities, which will be informed by the community strategy (in those authorities that have already prepared this document). The community strategy should be drawn up in conjunction with a local strategic partnership of representatives from the local authority and other public sector organisations, local businesses, community and voluntary groups. The strategy should reflect the visions and aspirations of local people, contribute to sustainable development in the UK and outline a plan for the delivery of these objectives.

26. The capital strategy should show how capital investment contributes to the achievement of the council's objectives. It should be a key document for the authority, which pulls together the strategic capital requirements emerging from service strategies. It will determine priorities between the capital needs of the various services and look for opportunities for cross-cutting, joined-up investment. The strategy statement should not duplicate detailed information on strategies for particular services, though clearly there should be consistency. Priorities identified by local strategic partnerships in their Community Strategies and, where relevant, their neighbourhood renewal strategy should be taken into account in the capital strategy.

What you will need to provide to your Government Office

27. The GO will require a high level summary of the council's approach to capital investment. It should be no more than six A4 pages in length, of not less than size 10 font. If possible, it should be submitted in electronic format. It should:

a) highlight the key priorities and targets for the council including the delivery of national PSA targets
b) list key partners, and show how you involve the Local Strategic Partnership
c) illustrate how the council is working corporately and with others to achieve key cross-cutting outcomes
d) explain the approach to prioritising investment
e) explain how the council monitors and evaluates progress and includes the role of members and the corporate management team in this process

28. Authorities may wish to provide the government office with copies of other relevant documents linked to the capital strategy such as their community strategy, the best value performance plan (to provide the background and context to the authority's improvement plans and to identify where property reviews are planned), the neighbourhood renewal strategy or a strategy provided under the LGA's New Commitment to Regeneration. The Capital Strategy itself should clearly explain the relevance of any cross-referencing to other plans, strategies or reports.

What should the capital strategy cover?

29. The capital strategy should provide an overview of the authority to provide statistical and financial information on assets and capital spending plans.

30. The capital strategy should consider all aspects of capital expenditure within the authority and extend to areas where an authority is able to apply significant influence on others through the use of its capital resources.

31. It should take into account the revenue implications of capital investment, where these are significant.

32. It should identify how a framework for the management and monitoring of the capital programme has been put in place.

33. It should inform bidding for additional capital resources and the management of successfully won resources (e.g. from EU funds, the RDA fund or the National Lottery) and the council's approach to the PFI and Public/Private Partnerships.

34. It should address corporate wide policies on procurement strategy as envisaged in best value guidance. Corporate commitment to modern methods of construction procurement can lead to significant improvements in the efficiency and quality of delivery of construction projects. "Rethinking Construction", the report of the Construction Taskforce chaired by Sir John Egan stated that such improvements are

not only possible but vital. Major clients (especially Government – both central and local) must give leadership and initiate changes in construction and procurement practices. The Local Government Construction Task Force (www.lgtf.org.uk) has been put in place to help local authorities achieve these improvements.

35. It should also be recognised that best value is not simply achieving the lowest price. It should be based on whole life costs where the ongoing revenue implications of capital expenditure are considered in commissioning works.

36. It should identify the development and implementation of processes for:

- The generation and option appraisal of capital project proposals
- Prioritisation of capital project proposals
- Monitoring, evaluation of ongoing/ completed projects
- Corporate review of existing properties and service needs to explore opportunities:
    - for more efficient and effective use of property, or
    - to release resources through disposal.

37. The capital strategy should form an integral part of the strategic financial and service planning that will become part of the annual budget setting process and support decisions on a local authority's capital investment under the prudential system. Local authorities will need to integrate their capital and revenue budget planning processes so that coherent decision making can take place on the level of borrowing that is prudent, affordable and sustainable for the authority. Decisions to take on additional borrowing will flow from an analysis of the strategic assessment of the authority’s present asset base, identification of investment needs, prioritisation of those needs set within the context of available capital resources including capital receipts, capital grant and revenue contributions.

Links to partners and the community

38. Potential partners include: representative bodies of the local community and voluntary groups, local strategic partnerships, black & ethnic minority organisations, tenants, residents and schools, registered social landlords, health authorities, health and primary care trusts, the police, the private sector and business community. Authorities could work with these partners individually, but also collectively through the local strategic partnership, which these groups and organisations should be a part of.

39. The strategy should give examples of steps being taken to work with other councils, for instance co-operation between neighbouring districts, counties, or parish councils, and other bodies such as health authorities. For example, the strategy might point to use of new powers under the Health Act 1999 to enable pooled budgets, lead

commissioning and integrated provision or the wellbeing powers contained in the Local Government Act 2000.

Links to service plans and best value reviews

40. Under best value, authorities are required to undertake fundamental reviews of their functions. A best value review may result in new objectives for the use of existing property and for new investment. The capital strategy should reflect the authority's improvement planning arrangements, including proposals for implementing the outcomes of best value reviews, CPA and other audit and inspection recommendations. It is also vital that the existing capital strategy informs and is informed by reviews and service decisions.

Revising the capital strategy

41. Once a good quality capital strategy has been produced it should be reviewed and updated annually by the authority.

PART 4

GUIDANCE ON ASSET MANAGEMENT PLANNING

Background

42. The AMP is the corporate document detailing existing asset management arrangements and outcomes and planned action to improve corporate asset use. The process will provide the means by which the designated Corporate Property Officer (CPO) is able to define and provide for the longer-term corporate need and challenge existing asset use. The AMP document will set out the refining process as the longer-term use of corporate assets develops. The preferred maximum length for this document is 20 A4 pages of not less than size 10 font.

43. A capital strategy covers <u>all</u> aspects of an authority's capital expenditure, and its overall revenue implications. The AMP covers the authority's property interests in its operational and non-operational land and property but excludes:

- the details of housing and education assets as contained in the authority's Housing Business Plan and Education AMP
- highways and transport infrastructure, vehicles, plant and equipment

Corporate requirements of the AMP/role of the CPO

44. The CPO role continues to develop, as does the corporate asset management function. CPOs need to address the role and contribution of the authority's property assets as a corporate resource supporting

the delivery of corporate and service objectives, including the authority's priorities for improvement. There needs to be a clear understanding of the authority's business and service aims supported by a clarification of how and when the asset base contributes to these aims.

45. The CPO will also need to consider the major corporate drivers for future change and what are or will be the 'knock on' effects for asset management. They will need to set out a programmed and planned approach for dealing with anticipated changes and put in place a system to ensure that the adopted approach can be achievable, is fully costed and fully appraised.

46. The CPO will use the AMP document to help to plan ahead for the corporate use and provision of the authorities assets, to take into account the revenue consequences of corporate capital decisions and to consider whole life costs and project appraisal.

47. The CPO is responsible for putting the necessary asset management processes into place to produce the property performance and outcomes that the authority needs.

48. The requirements of the capital strategy and the AMP will drive the CPO to develop and implement performance measures that are directly relevant to the authority's actual requirements and priorities. Greater and more effective use should be made of local performance indicators as well as the national pPIs. These requirements will be reflected in the assessment criteria.

Format of the asset management planning document

49. All authorities should now have basic information on the assets they hold including the condition of their property portfolio. It should now be possible for the CPO to assess what further action is needed and the timetable to be adopted.

50. Building on previous guidance, the headings under which the AMP should be structured are as follows:

a) Organisational Arrangements for Corporate Asset Management
b) Consultation- how stakeholders views inform the asset management process
c) Data Management-how asset data is collected, recorded , managed and used to support performance management
d) Performance Management and Monitoring- how asset management information is used to deliver performance improvements and linked to corporate and service performance objectives
e) Programme and Plan Development and Implementation- including option assessment and project appraisal, property review and

rationalisation, 3-5 year capital programme, maintenance programmes, acquisition plans, etc

f) Performance Information- in relation to national pPIs and any other local pPIs.

Content of the AMP document

51. The development work on the AMP process should be proportionate to the scale of the property managed and number of assets held. However, all authorities are required to demonstrate good asset management and produce the required documentation. Where the property portfolio is small it must still be managed to the highest standards of best practice. Proportionality is likely to reduce the sophistication of the AMP system but not the corporate process. Proportionality has been introduced to recognise that some of the more detailed assessment criteria for those Local Authorities with an asset base falling below a defined size may not be appropriate.

52. Service plans will provide valuable information for the development of the AMP. While it is not necessary to repeat the detailed information contained in service plans, where any particular area makes up a significant part of the assets held a summary of the information should be provided.

53. Service plans are unlikely to contain all the property information necessary for the AMP and the CPO will be expected to recover any shortfall in these regards for the purposes of strategic asset management.

Property Categories

54. A table showing the CIPFA categories is at Annex B.

PART 5

THE PROPERTY PERFORMANCE INDICATORS (pPIs)

Please note that all authorities are required to provide this data

55. The five high level property Performance Indicators (pPIs) are set out in table format in Annex C.

56. The pPIs have been developed to provide a standard set of data against which authorities can measure not only their own performance year on year, but also to provide a set of data that can be benchmarked nationally. At this stage they should only be used in respect of property assets as indicated. Highways and transport infrastructure, vehicles, plant or equipment should be excluded.

57. The information resulting from the five high level pPIs is to be reported to your Government Office either with the submission of the AMP or, if this is not required, with the submission of the local authority core data.

Assessment of the pPIs

58. The information resulting from the indicators and all other relevant local performance measures should be reported to the authority's Chief Executive, corporate management team, the council and the Office as part of the AMP process. Furthermore, the information should be used to assist the CPO to continually challenge, review and evaluate the holding and performance of assets.

59. The pPIs will enable authorities to provide standardised information against which they can measure their performance year on year and which can be used to "benchmark" against other authorities and private companies.

PART 6
ASSESSMENT PROCESS

60. Single Capital Pot allocations will be made in December 2003 for 2004/05. There will be no discretionary element for 2004/05 or in future years.

How will capital strategies and AMPs be assessed?

61. Councils' capital strategies and asset management plans will be submitted to Government Offices and be assessed by GO staff with support from officials of other relevant government departments. A simple range of gradings – "good", "satisfactory" or "poor" - will be applied separately to the capital strategy and the AMP.

Assessment of Capital Strategies

62. The quality of capital strategies will be judged against pre-set assessment criteria split into primary and secondary categories. Authorities must comply with all of the primary requirements or the strategy is rated as "poor". If the primary criteria are met the assessment will progress to the secondary requirements. If fewer than 8 (75%) of these criteria are met, the authority gets a "satisfactory" rating. If 8 (75%) or more of the criteria are satisfied with at least one criterion from each group, then the authority scores a "good" rating.

63. The criteria for assessment are set out in Annex D grouped into the primary and secondary requirements.

Assessment of AMPs

64. The quality of asset management plans will be judged against pre-set assessment criteria split into primary and secondary categories.

Authorities must comply with all of the primary requirements or the strategy is rated as “poor”. If the primary criteria are met the assessment will progress to the secondary requirements. If fewer than 19 (75%) of these criteria are met, the authority scores a “satisfactory” rating. If 19 (75%) or more of the criteria are satisfied with at least one criterion from each group, then the authority scores a “good” rating.

65. The criteria for assessment are set out in Annex E grouped into the primary and secondary requirements.

ANNEX A

ODPM Contacts

ODPM WEB-SITE = www.local-odpm.gov.uk
PAPER COPIES OF SINGLE CAPITAL POT DOCUMENTATION **PAUL ANDREWS - 020 7944 4244 Email = paul.andrews@odpm.gsi.gov.uk**
POLICY QUERIES **PETER HART – 020 7944 3370** **Email =** peter.hart@odpm.gsi.gov.uk **CHRIS HOWSHAM - 020 7944 3140** **email =** chris.howsham@odpm.gsi.gov.uk

GOVERNMENT OFFICE CONTACTS

NAME AND G.O	ADDRESS	PHONE NUMBER	E MAIL
IAN WHITE GO-EM	The Belgrave Centre Stanley Place Talbot Street Nottingham. NG1 5GG	0115-971-2678	Iwhite.goem@go-regions.gsi.gov.uk
ARNOLD LEE GO-NW	Cunard Building Pier Head Liverpool. L3 1QB	0151-224-2940	Alee.gonw@go-regions.gsi.gov.uk
JOHN MONKS GO-L	8th Floor Riverwalk House 157-161 Millbank SW1P 4RR	020-7217-3285	Jmonks.gol@go-regions.gsi.gov.uk
IAN LONG GO-SW	LG & Housing Team GOSW 1st Floor, 2 Rivergate Temple Quay BRISTOL BS1 6ED	0117-900-1778	Ilong.gosw@go-regions.gsi.gov.uk
JOHN TAYLOR GO-NE	Wellbar House Gallowgate Newcastle upon Tyne NE1 4TD	0191-201-3658	Jtyaylor.gone@go-regions.gsi.gov.uk
JOHN TAYLOR GO-YH	PO Box 213(CH) City House New Station Street Leeds. LS1 4US	0113-283-6427	JFJTaylor.goyh@go-regions.gsi.gov.uk
TIM BARBER GO-EAST	Local Government Team Eastbrook Shaftesbury Road Cambridge CB2 2DF	01223 372542	Tbarber.go-east@go-regions.gsi.gov.uk
SURJIT MATHARU GO-WM	77 Paradise Circus Queensway Birmingham B1 2DT	0121-212-5049	Smatharu.gowm@go-regions.gsi.gov.uk
GLENN AUSTIN GOSE	Bridge House 1 Walnut Tree Close Guildford Surrey GU1 4GA	01483-882496	Gaustin.gose@go-regions.gsi.gov.uk

ANNEX B

PROPERTY CATEGORIES

The tables set out below illustrate the categorisation of various types of property in line with the CIPFA categories (in bold). One separate category has been established within non-operational property to show surplus / disposal property.

Operational Assets			
Council Dwellings	**Other Land & Buildings**	**Infrastructure Assets**	**Community Assets**
Housing	Schools	Roads	Parks
	Libraries	Sea defences	Works of art
	Residential Homes and Day Centres	Bridges	Museum exhibits
	Cemeteries & Crematoria (buildings only)	Permanent ways	Cemeteries & Crematoria (land)
	Sports centres and pools	Water and drainage	Civic regalia
	Offices, administrative buildings and land associated with administrative buildings	Street furniture, fixtures and fittings etc.	
	Museums and galleries		
	Property used for or in direct support of residential activities		
	Other housing (HRA) property & Non HRA housing		
	Land associated with operational Property		
	Off Street Car Parks / park & ride		

Non-Operational Assets	
Non-operational (general)	**Surplus Property**
Tenanted Farms / smallholdings)	Property released by a service and awaiting alternative use. Buildings declared surplus Land declared surplus assets
Commercial starter units; Industrial property; Warehouse property (note 1)	
Depots 3rd party use (note 2)	
Shops on housing estates; Retail units	
Workshops 3rd party use	
Historic Buildings - 3rd party use	
Land under construction	
Markets	
Mooring sites & rights / Dockland / Slipways	

Note 1

If these properties are held for investment purposes, they are non-operational. However, if they are held with particular service objectives in mind they are operational. An example is the holding of industrial or commercial starter units in furtherance of particular economic development objectives.

Note 2

Categorisation of these properties will depend on the individual circumstances in each case. If the 3rd party uses them to provide the authority’s services, then they are operational.

ANNEX C

PROPERTY PERFORMANCE INDICATORS

NUMBER	1 A & B
OBJECTIVES	• To measure the condition of the asset for its current use. • To show the severity and extent to which maintenance problems affect the portfolio. • To show year-on-year changes in maintenance backlog. • To provide information on the overall condition of the Local Authority estate
INDICATOR: A	**% gross internal floor-space in condition categories A – D.**
B	**Backlog of maintenance by cost expressed i) as total value and ii) as a % in priority levels 1 – 3.**
DEFINITION	• Backlog is defined as "The cost to bring the building from its present state up to the state reasonably required by the authority to deliver the service or to meet statutory or contact obligations." • All Freehold and Leasehold property where the authority has a direct repairing obligation. • Excluding Housing and Schools • To be reported by main CIPFA category (Operational [other land and buildings], Non-operational general, non-operational surplus). See attached CIPFA categories at Annex B. • To be calculated for buildings. Land should also be included where it lies within the site curtilage and is an integral element of the building (e.g. parking necessary for office use). In these circumstances, the condition of the land should only be taken into account in assessing the condition of the building and the backlog maintenance cost, its area should not be included. • Any de minimis used for condition surveys to be clearly stated. • Floor space to be calculated as the gross internal area (GIA) in accordance with the RICS Code of Measuring Practice • <u>Definition of condition categories and priority levels:-</u> **A**: Good – Performing as intended and operating efficiently. **B**: Satisfactory – Performing as intended but showing minor deterioration. **C**: Poor – Showing major defects and/or not operating as intended. **D**: Bad – Life expired and/or serious risk of imminent failure. **1**: Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation. **2**: Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation. **3**: Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and /or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation.

NUMBER	2A, B & C
OBJECTIVE	To demonstrate the justification, in financial terms, for retaining a non-operational – investment portfolio. It will ensure accountability for investment decisions illustrating the financial advantages and disadvantages of holding / disposing of assets in the portfolio.
INDICATOR	**Overall average internal rate of return (IRR) for each of the following portfolios: (a) Industrial, (b) Retail (c) Agricultural investment property.**
DEFINITION	IRR calculated in accordance with DCF techniques based upon a 10 year projected cash flow period or the remainder of the existing property interest, whichever is the shorter. To exclude investment property let on leases for periods over 21 years provided that:- - Such leases either have no provision for rent reviews, or provision for reviews at intervals of 25 years or more; - The CPO has in place a programme for reviewing and reporting to members the performance of such long-lease property and the justification for retaining and disposing of it. It is recognised that non-operational investment property is held for social as well as investment use and these reasons can be set out within the AMP document. This indicator should apply to those properties that the Corporate Property Officer deems to be held primarily for investment purposes. The Agricultural estate includes County farms, Smallholdings, and agricultural land. The information will enable continual review of the appropriateness of retention, restructuring, acquisition or disposal of investment assets through: • Monitoring the performance of the investment portfolio over time; • Comparison of the performance of the investments held by authority; • Opportunity cost comparisons (e.g. PWLB loan rate; alternative investments); The Authority will need to indicate in the AMP how it is **using** the IRR information to review to challenge and improve the performance of retained non-operational investment assets. A demonstration of the calculation has been placed on the ODPM Website: http://www.local.dtlr.gov.uk/finance/capital/data/ppi2-irr.htm

NUMBER	3
OBJECTIVE	To measure the cost and efficiency of property services provision.
INDICATOR: 3	**Total annual management costs per sq. m (GIA) for the property portfolio**
DEFINITION	• The Indicator covers the strategic management of the portfolio including: - Corporate preparation of both AMP and CS documents; - Preparation of other property related programmes and strategies; - Corporate management of programmes (Not the management of projects) - Condition & suitability surveys, (not including the carrying out of surveys) - Data management (not including data entry) - Option appraisal, prioritisation; - Input to service reviews; - Corporate property reviews (prior to decisions on disposals reuse etc) • A reasonable assessment of staff time should be made where the person spends less than their full time on the management process • Management costs to be reported per sq. m GIA as an average.

NUMBER	4 A, B, C & D
OBJECTIVE	To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.
INDICATOR: A	Repair & maintenance costs per sq. m GIA
B	Energy costs per sq. m GIA (gas, electricity, oil, solid fuel)
C	Water costs per sq. m GIA
D	CO_2 emissions in tonnes of carbon dioxide per sq. m
DEFINITION A	• To be reported for operational buildings (excluding Housing and Schools) occupied by the LA • Repair and maintenance is the total maintenance programme (responsive and programmed) including any associated fees for the works.
DEFINITIONS B & C	• To be reported for operational buildings (excluding Housing and Schools) occupied by the LA
DEFINITION D	• This indicator to focus on energy consumption rather than spend. • CO_2 emissions data will fit with the UK's Climate Change Programme targets. • To be reported for operational properties occupied by the LA (excluding Housing and Schools, which are subject to separate arrangements) • Further information on this calculation can be obtained from: The Energy Efficiency Best Practice Programme: http://www.energy-efficiency.gov.uk/document/factfigs/emiss.htm The Environment and Energy Helpline: 0800 585 794

NUMBER	5 A & B
OBJECTIVES	• To measure and monitor the performance of the whole authority in the delivery of capital projects in terms of cost and time predictability. • To impact on the prioritising process for projects and the associated local performance measures and monitoring systems put in place
INDICATOR: A **Cost Predictability**	% of projects where outturn falls within +/- 5% of the estimated outturn, expressed as a %age of the total number of projects completed in the financial year. (Comparison of estimated outturn project costs at "commit to invest" with actual outturn cost at end of defects liability period)
B **Time Predictability**	% Projects falling within +5% of the estimated timescale, expressed as a % of the total number of projects completed in that financial year. (Comparison of estimated timescale against actual timescale)
DEFINITION **A** **B**	• Applies to all new single capital projects (excluding highways and IT) over £50,000 for large asset base authorities – County, Metropolitan Boroughs, and Unitary authorities – and over £25,000 for District / Borough councils. • Applies to projects where the LA is the sole or majority partner **Cost Predictability** "Outturn projected costs" = final cost of construction work (including value of contractual claims, inflation etc) + cost of professional fees and statutory costs. "Commit to Invest" = as Construction Best Practice definition, "The point at which the client decided in principle to invest in a project, sets out the requirements in business terms (programme and costs) and authorises the project team to proceed with the design" (Commencement of RIBA work stage C). **Time Predictability** "Time Predictability" = measure difference between 'A' and 'B' where, 'A' = the Duration from "Commit to Invest" to Practical completion as estimated at "Commit to Invest". 'B' = actual duration from "Commit to Invest" Practical completion. "Commit to Invest" = as for Cost predictability

ANNEX D

CAPITAL STRATEGIES: ASSESSMENT CRITERIA

Primary Requirements

The Capital Strategy ('the Strategy):

1. provides clear strategic guidance about the council's capital objectives, priorities and spending plans and demonstrates that these are directly linked to and consistent with key corporate and service objectives as outlined in the authority's corporate documents (for example, the Community Plan, Housing Strategies, Education Development Plans, Social Services strategies, Local Transport Plan, Cultural Strategies, the AMP, and the DfES AMP). It should identify council wide cross-cutting activity and initiatives.
2. describes the framework that the authority has put in place to ensure that the capital strategy is a corporate document.
3. identifies all key aspects of capital expenditure within the authority and those areas where the authority is able to apply significant influence on others through the use of its capital resources
4. explains the approach implemented in the prioritisation of capital project proposals
5. explains how the revenue implications of capital investment are taken into account.
6. is informed by the outcomes of best value reviews, and of other relevant reviews and improvement/development plans.
7. identifies how relevant stakeholders' and partners' views are sought and inform the working and development of the capital strategy.
8. Identifies key partners and describes partnership working.

Secondary Requirements

General content

The Strategy:

1. sets out sufficient information to inform all bidding for capital resources.
2. outlines the council's approach to PPP/PFI and to other means of alternative capital funding.
3. addresses corporate policies on procurement strategies as envisaged in best value guidance (e.g. in the report of the Construction Task Force, chaired by Sir John Egan).

Partnership working

4. The strategy identifies how partnership working is being further progressed by steps being taken to work with other councils and relevant organisations (for example, capital projects in co-operation with neighbouring councils, local primary care trusts, voluntary sector and private sector).

Performance measurement and monitoring

There is evidence that:

5. performance measures and benchmarking are being used to describe and evaluate how the deployment of capital resources contributes to the achievement of corporate and service objectives.
6. the results of performance measurement and benchmarking are being communicated to Stakeholders where relevant.
7. the results of performance measurement and benchmarking are being used to seek service improvements and target service delivery
8. performance measurement activities relate to capital projects and to the influence of grants and partnerships
9. There is a corporately agreed 3 year strategy explaining the council's approach regarding the effective management, measurement and monitoring of the council's capital programme.

Cross-cutting activity

There is evidence of:

10. the development and/or delivery of key priorities and targets to achieve cross-cutting objectives such as regeneration and sustainable development
11. there is evidence of cross-cutting activity leading to improved outcomes, including consideration of and where appropriate adoption of innovative solutions (for example, in the use of new technology; in the shared use of accommodation; in the provision of more customer focused service delivery)

To obtain a Good Assessment, one factor in each group of secondary criteria must be met.

ANNEX E

ASSET MANAGEMENT PLANS: ASSESSMENT CRITERIA

Primary Criteria

1. Organisational arrangements for corporate asset management

1.1 A Corporate Property Officer (CPO) has been identified with authority to undertake all required developments in asset management.

1.2 Roles and responsibilities for the CPO (as indicated by the prevailing guidance) are clearly set out, explicit and have been communicated to all those concerned, in property management and use, throughout the authority.

1.3 The CPO reports and is accountable to a strategic, decision-making group both at officer and member levels.

1.4 Clear evidence has been provided that a cross-service, senior management forum has been set up which includes the CPO, representatives from major services and, where appropriate, the finance directorate and officers involved in the development of the Capital Strategy and the Community Plan (or its equivalent).

1.5 The forum has formal terms of reference that includes the strategic management of the council's assets.

1.6 Evidence that the forum:

- progresses the corporate Asset Management Plan and ensures that it is approved by senior officers and the Council;
- ensures that the AMP is informed by and supports other key corporate and service plans and objectives;
- meets regularly (at least twice a year or more often as may be appropriate).

2. Data Management

2.1 CPO has ensured that a record is held and maintained of basic, core data on all the Council's property.

2.2 The validity of this information has been tested.

2.3 AMP can demonstrate a clear understanding of the data required to manage the performance of the property portfolio.

2.4 Statistical information on the overall condition of the portfolio (condition categories: A-D/1-4) and maintenance backlogs is included in the AMP.

3. Performance Management, Monitoring & Information

3.1 The CPO submits a formal report to Members and Chief Officers at least annually on the performance of the property portfolio, which now includes performance outcomes in relation to the ODPM National pPIs.

3.2 The AMP includes information showing how the authority is performing in relation to all five national pPIs.

3.3 Members are informed, as part of overall budget and performance monitoring, of the progress and performance of the capital programme.

4. Programme and Plan Development and Implementation

4.1 The AMP outlines the council's property related requirements and outlines the proposed programmes which are intended to meet these requirements. *(For example: acquisition, disposal, investment, development; maintenance; programmes related to surplus and/or under-performing assets; plans enabling shared use and/or co-location.)*

4.2 CPO has demonstrated that there is a methodology for option appraisal and corporate prioritising between projects.

4.3 A 3 year capital programme is developed including a forecast of the planned capital receipts.

4.4 Output/outcome targets are set for programmes and plans requiring capital investment.

Secondary Criteria

Organisational arrangements for corporate asset management

1. Evidence that the CPO / Asset Management Forum routinely challenges and reviews the use, provision and performance of the council's assets and its related property services, in order to achieve the most effective management, planning and use of these assets. Key findings and outcomes are reported to Chief Officers and the Council. Examples can include:

    - the identification and rationalisation of surplus or under-performing property;
    - the promotion of shared use or co-location;

- the systematic review and challenge of property use, provision and management and;
- Identification of the property implications arising from relevant plans, audits and reviews.

2. Evidence that the CPO / Asset Management Forum takes into account stakeholder satisfaction information relating to property and property services.

3. A cabinet member (or lead committee member) holds responsibilities for the authority's property resource on behalf of the council.

4. The CPO is involved in the preparation of the Capital Strategy and contributes to the work of other relevant corporate and business planning groups.

5. There are references to the property asset implications in corporate policies and strategies such as the Best Value Performance Plan, Best Value Reviews, the Capital Strategy, the Community Plan and LPSAs.

6. There is evidence of cross service use, shared use and/or co-location of property resources within the authority and with other organisations.

Consultation

7. Evidence that processes are being developed to obtain feedback from services, users and occupiers.

8. Evidence that consultation findings are used to influence the continuous improvement of property and property services performance.

Data Management

9. CPO has undertaken a full survey of future data requirements for the property portfolio.

10. CPO has identified a programme of necessary improvements

11. CPO has commenced development of a data system for "intermediate" data (i.e. property data which requires updating from time to time such as condition, rents and user details)

12. CPO has implemented Unique Property Reference number (UPRN) system or set out detailed reasons why any alternative property referencing approach is considered more appropriate.

13. CPO has developed an approach for the centralised co-ordination of property management information and its integration with relevant council financial information.

14. CPO has undertaken a review of training needs for users of the data and set in place a system for satisfying those needs.

Performance Management, Monitoring & Information

15. Clear evidence that the CPO is developing and using a set of local performance measures in relation to assets that link asset use to corporate objectives.

16. Clear evidence that the CPO is developing a process to enable the comparison of the performance and competitiveness of property and property services with other similar organisations and other providers.

17. Clear evidence that the development of performance measures and monitoring takes into account stakeholder consultation and user satisfaction findings.

18. Clear evidence that performance measurement feeds into a process of continuous improvement.

19. Local Performance Indicators are in place and being used for measuring and monitoring the amount of surplus property and space utilisation.

20. A written report is produced for Members and Chief Officers on any maintenance backlog recommending appropriate action.

21. The CPO is collecting information on the “suitability” of the various categories of the portfolio for their current and future use.

Programme and Plan Development and Implementation

22. The AMP demonstrates that the Council has identified the implications for property, which arise from the Council’s objectives.

23. The AMP demonstrates service wide understanding of corporate ownership of assets.

24. The AMP demonstrates that the Council has undertaken a thorough investigation and analysis of the gaps between future requirements and the current provision and performance of the authority’s present property assets.

25. The Council has identified and appraised the options for closing these gaps.

26. The AMP outlines the Council’s approved 3 – 5 year strategic action plan based on this analysis.

To obtain a Good Assessment, one factor in each group of secondary criteria must be met.